

STATEMENT OF NEED AND REASONABLENESS

The Minnesota Public Utilities Commission is proposing to amend 4 MCAR § 3.0299 F.2.b. This is the portion of the Cold Weather Rule which sets the maximum total household income levels which will permit a utility customer to qualify for "Inability to Pay" status under the Rule.

Since 1979, inflation has had a dramatic impact upon the household incomes. The Commission believes, based upon its experience with the operation of the Rule over the last two winters, that this impact has been especially severe on low-income households. The Bureau of Labor Statistics data upon which the current Rule is based is now over four years old, and simply no longer accurately reflects even the minimum needs of Minnesota families. Therefore, the Commission believes it is necessary to adjust these household income levels to reflect the uncontestably increased costs of living.

It is reasonable to increase the income levels by using the same Bureau of Labor Statistics "lower budget" standard as is presently in the Rule. It is necessary to update the Rule to reflect the most recent compilation of income levels made by the Bureau of Labor Statistics.

The "lower budget" proposed to be used in this amendment is that for the Minneapolis-St. Paul area, which was issued by the Bureau of Labor Statistics in the Autumn 1981 Urban Family Budgets and Comparative Indexes for Selected Urban Areas. Because the Commission is proposing to continue to use the same basis for determining income eligibility for "Inability to Pay" status as in the current Rule (which has been used for two and one-half winters), it is reasonable to amend the Rule in the fashion proposed without the need for a public hearing.